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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

AMERICAL SECURITIES, INC.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

290 7TH AVENUE

(No. and Street)

SAN FRANCISCO

CALIFORNIA

94118

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

MR. MICHAEL YAP

(415) 666-0633

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LOUIE, CALVIN Y.

(Name — if individual, state last, first, middle names)

838 GRANT AVENUE, SUITE 402-7

SAN FRANCISCO

CALIFORNIA

94108

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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**THOMSON
FINANCIAL**

FOR OFFICIAL USE ONLY

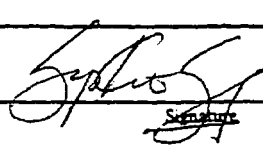
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, MICHAEL YAP, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AMERICAL SECURITIES, INC., as of DECEMBER 31, 19~~20~~2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

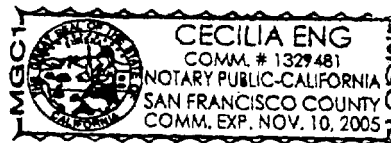
STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

SUBSCRIBED AND SWORN TO BEFORE
ME THIS 28TH DAY OF FEBRUARY, 2002


PRESIDENT

Title


Notary Public



This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AMERICAL SECURITIES, INC.

BALANCE SHEET
AS OF DECEMBER 31, 2001

ASSETS

CURRENT ASSETS

Cash	\$ 39,206
Deposits with clearing organization	445,845
Commissions receivable	3,292,057
Other receivable	<u>19,947</u>

Current Assets	3,797,055
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FIXED ASSETS

Furniture & fixtures	15,373
Accumulated depreciation - Furniture & fixtures	(12,817)
Office equipment	51,698
Accumulated depreciation - Office equipment	(32,264)
Leasehold improvement	103,448
Accumulated depreciation - Leasehold improvement	<u>(26,514)</u>

Net Fixed Assets	<u>98,924</u>
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TOTAL ASSETS	\$ <u>3,895,979</u>
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LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Commissions payable	\$ 2,988,977
Accounts payable	17,005
Payroll tax payable	(3,162)
Local tax payable	1,891
Loan interest payable	6,529
Loan payable	<u>260,071</u>

Current Liabilities	3,271,311
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OTHER LIABILITIES

Subordinated loans	<u>100,000</u>
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TOTAL LIABILITIES	\$ <u>3,371,311</u>
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STOCKHOLDERS' EQUITY

Common Stock, no par value	200,000
Authorized - 500,000 shares	
Issued and outstanding - 200,000 shares	
Additional paid in capital	75,000
Retained Earnings	<u>249,668</u>

Total Stockholders' Equity	<u>524,668</u>
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>3,895,979</u>
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

AMERICAL SECURITIES, INC.
STATEMENT OF INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2001

REVENUE

Commission revenue	\$ 813,409
Research income	5,324,982
Tuition income	5,800
Interest and dividend income	18,997
Other income	<u>48,232</u>
Total Revenue	<u>6,211,420</u>

EXPENSES

Salaries	658,598
Advertising/promotional	183,841
Banking charges	394
Commission expense	4,550,217
Depreciation	11,880
Interest expense	10,989
Exchange and clearing fees	504,202
Taxes	39,595
Insurance	1,094
Insurance - health	20,666
Legal and accounting	6,450
Equipment lease	1,950
Office supplies and expenses	20,143
Dues and subscriptions	10,636
Regulatory expenses	7,287
Telephone	13,697
Utilities	7,420
Rent	36,000
Trading error	101,247
Repairs & Maintenance	1,200
Registration fees	2,950
Professional Fees	2,132
Bonus	<u>7,000</u>
Total Expenses	<u>6,199,588</u>

NET INCOME (LOSS)	<u>\$ 11,832</u>
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

AMERICAL SECURITIES, INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2001

Retained Earnings, Beginning of Year	\$ 237,836
Net income for the year ended December 31, 2001	<u>11,832</u>
Retained Earnings, December 31, 2001	\$ <u>249,668</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

AMERICAL SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows From Operating Activities

Net Income (loss)	\$ 11,832
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	11,880
(Increase) decrease in:	
Commissions receivable	(3,035,239)
Other receivable	(18,831)
Increase (decrease) in:	
Commissions payable	2,790,504
Accounts payable	2,364
Taxes payable	(403,585)
Interest payable	529
Net Cash Used in Operating Activities	\$ (640,546)

Cash Flows From Financing Activities

Increase in loan payable	\$ <u>99,672</u>
Net Cash Provided by Financing Activities	\$ <u>99,672</u>

Cash Flows From Investing Activities

Purchases of property and equipment	\$ <u>(920)</u>
Net Cash Used in Investing Activities	\$ <u>(920)</u>
Net Decrease in Cash	\$ (541,794)

Cash and Deposits with Clearing Organizations - Balance January 1, 2001	<u>1,026,845</u>
Cash and Deposits with Clearing Organizations - Balance December 31, 2001	\$ <u>485,051</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information and Nature of Operations

AmeriCal Securities, Inc. is a California corporation.

This corporation is a brokerage firm located in San Francisco serving institutional and local individual investors.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Recognition of Income

Commissions earned from the sale of stocks and options are recognized on a trade date basis. Related commission expenses are also recorded on a trade date basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Depreciation

Office equipment, furniture and leasehold improvements are stated at cost and depreciated on a straight line basis utilizing the assets' estimated useful lives of 5 to 39 years. Depreciation expense was \$11,880 for the year ended December 31, 2001.

2. ERROR ACCOUNT

The error account is used for errors made in executing customers' orders. On December 31, 2001, this account had a net equity balance with U.S. Clearing of \$1,020.

3. RELATED PARTY TRANSACTIONS

Office Lease

AmeriCal Securities, Inc. leases office space from John Hung, a shareholder of the Corporation, for \$3,000 per month. Lease term expired December 31, 2001. Rent expense was \$36,000 for the year ended December 31, 2001. Future rent payments will remain at \$3,000 per month on a month-to-month basis.

4. OPERATING LEASES

AmeriCal Securities, Inc. leases a copier at \$128 per month. Lease term for the copier is for 60 months and will expire December 13, 2006. Equipment lease expense was \$1,950 for the year ended December 31, 2001. Future minimum lease payment at December 31, 2001 is as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2002	1,536
2003	1,536
2004	1,536
2005	1,536
2006	1,408
	<u>\$ 7,552</u>

5. SUBORDINATED LOANS

The borrowing under subordinated agreement at December 31, 2001, is listed below:

Subordinated note, 0%, due 1/15/05	\$ <u>100,000</u>
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The subordinated borrowings are covered by agreements approved by the National Association of Securities Dealers, Inc. and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule.

6. INCOME TAXES

For the year ended December 31, 2001, the Company had federal income tax of \$2,088 and California income tax of \$1,350.

7. NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the corporation is required to maintain a minimum net capital, as defined under such provisions. Net capital and related net capital ratio may fluctuate on a daily basis. At December 31, 2001, the corporation had net capital and net capital requirements of \$525,744 and \$218,087 respectively.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

AMERICAL SECURITIES, INC.

as of 12/31/01

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1800)	\$ 524,668	3480
2. Deduct: Ownership equity not allowable for Net Capital	()	3490
3. Total ownership equity qualified for Net Capital	524,668	3500
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital	100,000	3520
B. Other (deductions) or allowable credits (List)		3525
5. Total capital and allowable subordinated liabilities	\$ 624,668	3530
6. Deductions and/or charges:		
A. Total nonallowable assets from		
Statement of Financial Condition (Notes B and C)	\$ 98,924	3540
1. Additional charges for customers' and non-customers' security accounts	\$	3550
2. Additional charges for customers' and non-customers' commodity accounts		3560
B. Aged fail-to-deliver:		3570
1. Number of items		3450
C. Aged short security differences-less reserve of	\$ 3470	3580
number of items	3470	
D. Secured demand note deficiency		3590
E. Commodity futures contracts and spot commodities - proprietary capital charges		3600
F. Other deductions and/or charges		3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x)		3615
H. Total deductions and/or charges	(98,924)	3620
7. Other additions and/or allowable credits (List)		3630
8. Net capital before haircuts on securities positions	\$ 525,744	3640
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):		
A. Contractual securities commitments	\$	3660
B. Subordinated securities borrowings		3670
C. Trading and investment securities:		
1. Bankers' acceptances, certificates of deposit and commercial paper		3680
2. U.S. and Canadian government obligations		3690
3. State and municipal government obligations		3700
4. Corporate obligations		3710
5. Stocks and warrants		3720
6. Options		3730
7. Arbitrage		3732
8. Other securities		3734
D. Undue Concentration		3650
E. Other (list)		3736
10. Net Capital	\$ 525,744	3750

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

AMERICAL SECURITIES, INC.

as of 12/31/01

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 2/3% of line 19)	\$ 218,087	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 100,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 218,087	3760
14. Excess net capital (line 10 less 13)	\$ 307,657	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 198,613	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 3,271,311	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	3830
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))	\$	3838
19. Total aggregate indebtedness	\$ 3,271,311	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	% 622	3850
21. Percentage of aggregate indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less Item 4880 page 11)	%	3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess net capital (line 10 less 24)	\$	3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%	3851
27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits (Line 10 less item 4880 page 11 ÷ by line 17 page 8)	%	3854
28. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000	\$	3920

OTHER RATIOS

Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%	3852

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6 2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

SCHEDULE II

AMERICAL SECURITIES, INC.
COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS PURSUANT TO RULE 15c3-3
DECEMBER 31, 2001

The company did not handle any customer cash or securities during the period.

SCHEDULE III

AMERICAL SECURITIES, INC.
INFORMATION RELATING TO THE POSSESSION
OF CONTROL REQUIREMENTS UNDER RULE 15c3-3
DECEMBER 31, 2001

The company did not handle any customer cash or securities during the period and does not have any customer accounts.

SCHEDULE IV

AMERICAL SECURITIES, INC. RECONCILIATION PURSUANT TO RULE 15c3-1 AND 15c3-3 DECEMBER 31, 2001

1. RECONCILIATION OF COMPUTATION OF NET CAPITAL TO RESPONDENT'S COMPUTATION

The reconciliation between the computation per Schedule I and the respondent's computation is as follows:

	<u>Net Capital</u>	<u>Indebtedness</u>	<u>Ratio</u>
Computation per respondent	\$ 454,144	\$ 3,252,486	7.16
Computation per Schedule I	525,744	3,271,311	6.22
Difference	<u>\$ (71,600)</u>	<u>\$ (18,825)</u>	<u>0.94</u>

2. RECONCILIATION OF COMPUTATION OF RESERVE REQUIREMENTS TO RESPONDENT'S COMPUTATIONS

The reconciliation between the computation per Schedule II and the respondent's computations is as follows:

Calculation per respondent	\$	0
Calculation per Schedule II	\$	0

CALVIN Y. LOUIE
Certified Public Accountant

838 Grant Avenue, Suite 402-407, San Francisco, CA 94108 (415) 397-6411 FAX (415) 397-6617

CERTIFIED PUBLIC ACCOUNTANT'S SUPPLEMENTARY
REPORT ON INTERNAL ACCOUNTING CONTROL

The Board of Directors
AmeriCal Securities, Inc.
San Francisco, CA

I have audited the financial statements of AmeriCal Securities, Inc. for the year ended December 31, 2001 and have issued my report thereon dated February 25, 2002. As a part of my audit, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

I also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. I did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures and practices and procedures referred to above and assess whether those practices and procedures can be expected to achieve the Commission's objectives referred to in the preceding paragraph.

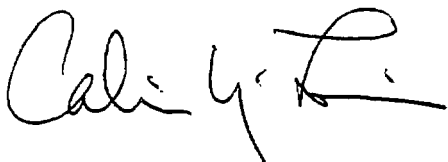
The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of AmeriCal Securities, Inc. taken as a whole. However, my study and evaluation disclosed no conditions that I believed to be a material weakness.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the Commission's objectives. Also, nothing came to my attention that would indicate that the conditions for claiming exemption from Rule 15c-3 had not been complied with during the year.

This report is intended solely for the use of management, the National Association of Security Dealers, Inc. and the Securities and Exchange Commission and should not be used for any other purpose.

A handwritten signature in black ink, appearing to read "Calvin Y. Louie". The signature is fluid and cursive, with a large initial "C" and a stylized "L" at the end.

Calvin Y. Louie

San Francisco, California

February 25, 2002

AmeriCal Securities, Inc.

Financial Report
and Additional Information

Year Ended December 31, 2001
with
Report of Certified Public Accountant

by

Calvin Y. Louie, CPA
838 Grant Ave., Suite 402-7
San Francisco, CA 94108
(415) 397-6411

CALVIN Y. LOUIE
Certified Public Accountant

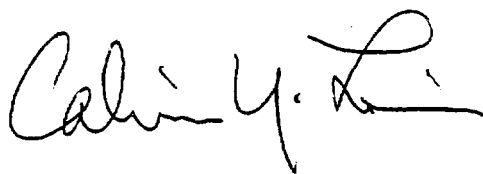
838 Grant Avenue, Suite 402-407, San Francisco, CA 94108 (415) 397-6411 FAX (415) 397-6617

Board of Directors
AmeriCal Securities, Inc.
San Francisco, CA

I have audited the accompanying balance sheet of AmeriCal Securities, Inc. (a California corporation) as of December 31, 2001, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AmeriCal Securities, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Calvin Y. Louie, CPA

February 25, 2002